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REVIEWED BY G.M.Razi DATE 4/6/82 CONFIDENTIAL

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FROM: Benghazi

TO: Secretary of State

NO: 190, November 2, 1 p.m. (SECTION ONE OF TWO)

SENT DEPARTMENT 190; REPEATED INFORMATION LONDON 15, PARIS 11, TRIPOLI 213

TRIPOLI PASS 7272 ABW

PARIS FOR FINN

On 31st, in accordance instructions Department telegram 130, orally presented aid proposals to Prime Minister and left prepared aide memoire. Kubar reaction was disappointment and expressed regret over what he considered lack US response to Libyan requests put forward during negotiations of past eleven months. Emphasizing delicacy his position in view forthcoming elections, Kubar said formal reply my presentation would be forthcoming.

In making presentation I referred to Libyan note November 18, 1958 requesting amendment 1954 financial agreement and drew attention to major considerations developed in subsequent exchanges, such as US gratification at GOL continued participation defense free world by making military facilities available. Pointed out that of course Libya benefited directly by rent paid landowners and by US military expenditures in area of three to four million pounds annually. Recalled Libyan statement that country's main internal enemies poverty, ignorance, disease and that US motivated by desire help fight them had agreed in 1954 provide long-term assistance. In recognition changes last five years this assistance had been increased until current GOL fiscal year total of $32 5 million (special purpose and special assistance funds, PL 480, DLF, Wheelus road) with technical assistance in addition. Also mentioned substantial support given Libyan army. Noted unique long-term 1954 commitment for fixed amount, increasing difficulty obtain congressional approval

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approval MSP appropriations, and that US record of granting annually substantial sums to Libya gave assurance of US continued interest long-term welfare this country. Re GOL request unrestricted use funds pointed out that despite congressional problems Libya received $8 million budget support this year and that remainder aid was for jointly approved economic projects, not ones selected solely by US. Also noted US support of Libyan Development Council as single agency for programming aid expenditures.

After this preamble, referred to broad framework cooperation between the two countries, of which military facilities a part, and made offer for Libyan FY 1960-1961 of unrestricted use $4 million special purpose funds and of additional $6 million to be put at disposal new Development Council for economic development with US expectation "pre-examine in general terms" Council-financed undertakings and obtain annual reports adequate satisfy congressional requirements re use of funds. Added that these amounts are in addition to what US contemplates granting for agreed joint projects and that US would continue view Libya's needs sympathetically. Concluded that in view departure this extent from normal aid procedures US expected GOL ensure continued unhampered use military facilities.

Substance Prime Minister's reply was 1) popular fear, strains on services, general psychological reaction of populace, growth of black-market caused by presence Wheelus offset direct economic benefits; 2) US aid projects, except those in education, have contributed little to Libyan welfare; 3) increasing disapproval by Libyan people of presence US military caused GOL, in interests continuing good relations with US, request amendment 1954 agreement; 4) after eleven months negotiations and consideration by US, present proposal does not differ from past positions aid is again on annual basis despite Libyan request for multi-year commitment for duration base agreement; 5) in view forthcoming elections Prime Minister said his position so delicate he would not dare make our proposal known to public or even to Council Ministers; 6) his remarks preliminary and an

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official reply would be sent from Foreign Minister in short time. He handed my aide memoire to Under Secretary Baruni who also present.

When I countered with reports from Libyans of benefits of aid projects and with mention of Prime Minister's modesty in not publicizing receipt $32.5 million total value aid this year, he answered that the public cannot see evidence of that aid except for the $8 million budget support. I mentioned various projects and also PL 480 grain and he acknowledged impact of latter.

Copy my aide memoire and detailed memo conversation being pouched.

JONES

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Action

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FROM: BENGHAZI

TO: Secretary of State

NO: 190, NOVEMBER 2, 1 PM (SECTION TWO OF TWO)

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COMMENT: BELIEVE PRIME MINISTER MOST DISAPPOINTED NOT SO MUCH WITH TOTAL AMOUNT PRESENT OFFER PER SE AS THAT IT PROVIDED FOR NO INCREASE IN UNRESTRICTED USE FUNDS NRC PROVIDING LONG-TERM COMMITMENT TO WHICH HE COULD POINT PUBLICLY AS GAIN ACHIEVED FROM ELEVEN MONTHS NEGOTIATIONS. HE MENTIONED PROBLEM FOR HIM AT NEXT PRESS CONFERENCE NOVEMBER 10; ALSO REFERRED TO SPEECH FROM THRONE (PROBABLY DECEMBER 7). IF WE HAVE NOT RECEIVED FOREIGN MINISTER'S REPLY BEFORE FIRST DATE WE MAY EXPECT PUBLIC INDICATION OF GOL REACTION THEN. WHATEVER FORCE OF PUBLIC BLAST IT WILL CERTAINLY NOT BE HELPFUL OUR RELATIONS OR POSITION HERE.

JONES

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